

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

**IN RE:
TINY FROG, INC.,**

**Case No. 25-01081-5-JNC
Chapter 11**

Debtor

MOTION FOR ORDER MODIFYING CASH COLLATERAL ORDER

NOW COMES Tiny Frog, Inc. (hereinafter “Debtor”), by and through its undersigned counsel, and respectfully moves the Court for its Order modifying its Cash Collateral Order to, *inter alia*, add certain equipment lease payments that were drafted postpetition from the Debtor’s bank account, but which are not currently authorized by the Cash Collateral Order, and, in support thereof, shows unto the Court the following:

1. The Debtor is a corporation formed and existing under the laws of the State of North Carolina in the business of operating seven (7) casual restaurants known as “Highway 55 Burgers Shakes & Fries,” primarily in Johnston, Harnett, Wake, and Lee Counties, North Carolina.
2. The Debtor filed a voluntary petition for relief pursuant to Chapter 11, Title 11 of the United States Code (the “Bankruptcy Code”) in the Eastern District of North Carolina on March 25, 2025, and currently operates as a debtor-in-possession.
3. Pursuant to § 363, the Debtor may not use cash collateral without permission of the lienholder or approval of the Court.
4. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157.
5. Upon the Debtor’s Motion for Use of Cash Collateral [ECF No. 4], the Court conducted a hearing and ruled that such use was allowed; an Interim Cash Collateral Order was entered on April 8, 2025 [ECF No. 30] (the “Cash Collateral Order”).
6. The budget incorporated into the Cash Collateral Order (the “Cash Collateral Budget”) did not include personal property lease payments in light of the suspension of such payments allowed by 11 U.S.C. § 365(d)(5).
7. On April 1, 2025, several business equipment lessors, consistent with prepetition

practice, drafted monthly payments from the Debtor's prepetition bank account (the "Unauthorized Payments"), into which credit card deposits had been made electronically postpetition, as shown on **Exhibit A**.

8. The total amount of Unauthorized Payments is \$13,147.23.

9. An additional unauthorized payment in the amount of \$1,849.50 was drawn on the same date, and the Debtor will seek to recover that payment.

10. The Unauthorized Payments were in fact unauthorized by the Cash Collateral Order and are subject to being recovered by the Debtor pursuant to § 549.

11. At this time, it is the Debtor's working plan that it will assume each of the equipment leases in the exercise of its business judgment, in which event any default will have to be cured. Alternatively, to the extent the payments are for post-petition possession and use of the equipment, it appears that affected lessors may have administrative expense claims for the continued use and possession of the leased equipment by the Debtor for the first 60 days from the Petition Date pursuant to 11 U.S.C. § 503(b)(1)(A).

12. The Debtor continues to maintain and use the equipment being leased, which comprises restaurant equipment and furnishings. The equipment is necessary, beneficial, and essential to the operation of the restaurants.

13. Debtor posits that judicial and administrative economy would be best served if the Unauthorized Payments are authorized rather than incurring the additional expense and effort to recover the payments, only to turn around and pay the cure or administrative expense later.

14. The Debtor seeks to modify the Cash Collateral Order to allow and authorize the Unauthorized Payments.

15. The Debtor further seeks to modify the Cash Collateral Order to allow and authorize the continuation of regular equipment lease installments as they come due in the ordinary course. The total monthly equipment lease obligation is \$29,119.96 as shown on **Exhibit B**. The Unauthorized Payments are included in this total monthly figure.

16. A cash collateral budget including the requested modification, is attached as **Exhibit C**.

17. The cash collateral lenders are adequately protected as described in the Cash Collateral Motion.

18. A proposed Order is attached as **Exhibit D**.

WHEREFORE, the Debtor prays the Court for its Order as follows:

1. That the Court set a hearing on the foregoing motion on an emergency basis, to coincide with the return hearing on the Cash Collateral Order on **April 15, 2025, at 11:00 a.m.;**
2. That the Court modify the Cash Collateral Order to include and approve the Unauthorized Payments;
3. That the Court modify the Cash Collateral Order to include ongoing monthly equipment lease payments as listed on Exhibits B and C; and
4. That the Court allow such other and further relief as the Court deems just and proper.

Respectfully submitted this the 8th day of April, 2025.

NARRON WENZEL, P.A.

By: /s/ David F. Mills

David F. Mills

State Bar No: 18326

Counsel for the Debtor

P.O. Box 1567

102 S. Third Street

Smithfield, NC 27577

Tele: (919) 934-0049

Fax: (919) 938-1058

dmills@narronwenzel.com

Exhibit A: Unauthorized Payments			
Creditor	Address	Amount drafted	Date of Draft
American Commerce Bank (assignee of TCP Leasing)	American Commerce 400 US HWY 27 Bypass Bremen, GA 30110	\$ 2,750.31	4/1/2025
6 Pawne Fund	Pawnee Leasing Corporation 3801 Automation Way Suite 207 Fort Collins, CO 80501	\$ 2,184.10	4/1/2025
Alliance Funding Group	Alliance Funding ISAOA 18542 17th St. Ste 200 Tustin, CA 92780	\$ 2,074.97	4/1/2025
Alliance Funding Group	Alliance Funding ISAOA 18542 17th St. Ste 200 Tustin, CA 92780	\$ 1,860.99	4/1/2025
Alliance Funding Group	Alliance Funding ISAOA 18542 17th St. Ste 200 Tustin, CA 92780	\$ 1,243.31	4/1/2025
Alliance Funding Group	Alliance Funding ISAOA 18542 17th St. Ste 200 Tustin, CA 92780	\$ 1,175.43	4/1/2025
Mitsubishi HC	Mitsubishi HC Capital America P. O. Box 1880 Minneapolis, MN 55480- 1880	\$ 931.56	4/1/2025
Alliance Funding Group	Alliance Funding ISAOA 18542 17th St. Ste 200 Tustin, CA 92780	\$ 926.56	4/1/2025
		\$ 13,147.23	

EXHIBIT B

Equipment Lessor	# Total per month
First Federal Bank 6052 Knightdale	5,113.03
First Federal Bank 6415	2,903.08
First Federal Bank 6423	3,044.37
First Federal Bank 6430	3,774.86
First Federal Bank 6745	3,476.68
First Federal Bank 6795	3,745.73
Total Monthly	22,057.75
AFG 96865	926.56
AFG 9070	1,175.43
AFG 8191	1,243.31
AFG 9069	1,860.99
AFG 8192	2,074.97
AFG 9684	3,511.05
AFG 3732	1,088.21
AFG 1407	1,467.78
AFG 1408	1,806.70
AFG 1406	2,696.34
Pawnee **9E1B9Bc4	3,476.68
Mitsubishi 002	931.56
Mitsubishi 001	4,110.07
ACB 1022	2,750.31
Total Monthly	29,119.96
Bancorp	1,929.30
Total Monthly	1,929.30

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EXHIBIT C		
INCOME		
Projected Sales	\$ 859,409.00	
Total Sales		\$ 859,409.00
COST OF GOODS SOLD		
Sysco	\$ 283,605.00	
Total COGS		\$ (283,605.00)
EXPENSES		
Administrative Salary	\$ 10,000.00	
Manager Salary	\$ 37,750.00	
Manager Bonuses**		
Hourly Salaries/Wages	\$ 150,831.00	
Payroll Tax	\$ 20,574.00	
Advertising	\$ 1,000.00	
Bank Fees	\$ 643.00	
Phone/Internet	\$ 840.00	
Landscaping	\$ 3,000.00	
Door Dash	\$ 32,228.00	
Credit Card Fees	\$ 10,714.00	
POS Fees	\$ 1,050.00	
General Liab. & Casualty	\$ 3,226.00	
Worker's Comp	\$ 1,475.00	
Management Insurance	\$ 4,000.00	
Janitorial Expense	\$ 1,925.00	
Linen Expense	\$ 1,823.00	
Music Expense	\$ 294.00	
Office Supplies	\$ 2,000.00	
Office Rent	\$ 450.00	
Alarm	\$ 609.00	
Utilities	\$ 21,288.00	
Uniforms	\$ 1,050.00	
Waste/Trash	\$ 3,375.00	
Narron Wenzel**		
CPA (inc. bookkeeping and payroll)**		
Rent (real estate)	\$ 78,516.00	
Property Taxes	\$ 3,152.00	
Property Taxes Cure		
Auto Allowance	\$ 3,084.00	
Gas Allowance	\$ 500.00	
Travel	\$ 100.00	
Charitable Contributions		
General Repair/Maintenance	\$ 4,500.00	
Royalty Fees	\$ 68,753.00	
Monthly Equipment Lease Installments	\$ 29,119.96	
Bancorp**		
First Federal Bank**		
Total Expense	\$ 497,869.96	\$ (497,869.96)
Net Surplus/(Loss)		\$ 77,934.04
**No payment in Interim Period		

~~XXXXXX~~

Income	# Tiny Frog, Inc. Total	# Sanford	# Spout Springs	# Dunn	# Knightdale	# Lillington	# McGee's	# Clayton
Net Sales	859,408.77	124,517.00	87,935.14	134,145.76	67,939.98	140,574.76	148,305.45	155,990.68
Total Income	859,408.77	124,517.00	87,935.14	134,145.76	67,939.98	140,574.76	148,305.45	155,990.68
Cost Of Goods Sold								
Sysco								
Food/Paper/Pepsi Bread (Sysco)	283,604.89	41,090.61	29,018.60	44,268.10	22,420.19	46,389.67	48,940.80	51,476.92
Total Cost of Goods Sold	283,604.89	41,090.61	29,018.60	44,268.10	22,420.19	46,389.67	48,940.80	51,476.92
Gross Profit	575,803.88	83,426.39	58,916.54	89,877.66	45,519.79	94,185.09	99,364.65	104,513.76
Expenses								
Salaries and Wages								
Administrative Salaries	10,000.00							
Salaries Managers	37,749.98	5,000.00	5,250.00	5,000.00	6,249.99	5,000.00	5,000.00	6,249.99
Salaries Hourly Employees	150,831.33	18,638.91	14,975.08	25,853.52	10,293.51	22,332.19	29,110.25	29,627.87
Management Bonuses	6,750.00	0.00	1,000.00	1,350.00	0.00	1,400.00	1,500.00	1,500.00
Total Salaries & Wages	205,331.31	23,638.91	21,225.08	32,203.52	16,543.50	28,732.19	35,610.25	37,377.86
Payroll Taxes	20,574.20	2,368.62	2,126.75	3,226.79	1,657.66	2,878.97	3,568.15	3,745.26
Advertising	1,000.00	142.85	142.85	142.85	142.85	142.85	142.85	142.85
Bank Fees	642.95	91.85	91.85	91.85	91.85	91.85	91.85	91.85
Phone/ Internet	839.92	164.97	129.98	84.98	200.05	84.98	89.98	84.98
Landscaping	3,000.00	600.00	0.00	600.00	0.00	600.00	600.00	600.00
Fees								
DoorDash Fees 30% of DD	32,227.83	4,669.39	3,297.57	5,030.47	2,547.75	5,271.55	5,561.45	5,849.65
Credit Card Fees	10,713.68	1,456.85	1,266.27	1,569.51	794.90	1,644.72	1,735.17	2,246.27
Toast POS Fees	1,050.00	896.00	325.55	976.00	187.00	591.00	1,001.00	886.00
Insurance								
General Liability	3,226.00	460.85	460.85	460.85	460.85	460.85	460.85	460.85
Worker's Compensation	1,474.58	210.65	210.65	210.65	210.65	210.65	210.65	210.65
Management Benefit Insurance	4,000.00							
Total Insurance Expense	8,700.58							
Janitorial Expense	1,925.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00
Linen Expense	1,822.62	423.64	159.18	200.94	117.36	309.80	280.50	331.20
Music Expense	294.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
Office								
Office Supplies	1,999.97	285.71	285.71	285.71	285.71	285.71	285.71	285.71
Office Rent	450.00							
Over/ Under Expense	400.00	57.14	57.14	57.14	57.14	57.14	57.14	57.14
Professional Fees								
Bookkeeping Expense	5,384.96	769.28	769.28	769.28	769.28	769.28	769.28	769.28
Payroll Expense	2,085.83	325.00	325.00	325.00	325.00	325.00	325.00	325.00
Rent Expense	78,515.13	13,208.33	4,750.00	14,208.33	5,503.27	13,470.20	13,666.67	13,708.33
Repairs and Maintenance								
Auto Allowance	3,083.34							
Gas Allowance	500.00							
Travel	100.00							
Charitable Contributions	800.00							
Repairs General/ Equipment	2,000.00	285.71	285.71	285.71	285.71	285.71	285.71	285.71
Repairs and Maintenance FSI	2,050.44	325.28	172.00	325.28	233.11	349.36	315.55	329.86
Royalty Fees	68,752.70	9,961.36	7,034.81	10,731.66	5,435.20	11,245.98	11,864.44	12,479.25
Alarm expense	609.29	94.14	61.09	94.14	77.50	94.14	94.14	94.14
Property Taxes Lease Item	1,575.66	1,008.52	0.00	1,649.81	0.00	2,150.02	1,031.15	780.10
Property Taxes	1,575.66	101.62	7.83	184.97	46.00	126.23	77.86	1,031.15
Utilities	21,287.96	3,249.61	2,860.10	3,269.95	2,733.75	3,473.63	3,009.25	2,691.67
Uniform Expense	1,050.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Waste/Trash	3,374.58	549.41	577.45	605.10	0.00	445.11	676.67	520.84
Total Expenses	492,418.19	65,812.69	47,089.70	78,057.48	39,173.08	74,563.92	82,278.27	85,852.60
Net Operation Income	83,385.69	17,613.70	11,826.85	11,820.17	6,346.70	19,621.16	17,086.38	18,661.15

EXHIBIT D

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

**IN RE:
TINY FROG, INC.,**

**Case No. 25-01081-5-JNC
Chapter 11**

Debtor

ORDER MODIFYING CASH COLLATERAL ORDER

THIS MATTER came on for hearing on April 15, 2025, upon the motion of the Debtor, Tiny Frog, Inc. (hereinafter “Debtor”), for the Court’s Order Modifying the Cash Collateral Order to provide for approval of unauthorized postpetition transactions, and to provide for the ongoing payment of monthly equipment lease payments; and the Court, having reviewed the Motion, the record, and the arguments of counsel, is of the opinion that good cause exists to support the Motion and that the same should be allowed; and the Court finds and concludes as follows:

1. The Debtor is a corporation formed and existing under the laws of the State of North Carolina in the business of operating seven (7) casual restaurants known as “Highway 55 Burgers Shakes & Fries,” primarily in Johnston, Harnett, Wake, and Lee Counties, North Carolina.
2. The Debtor filed a voluntary petition for relief pursuant to Chapter 11, Title 11 of the United States Code (the “Bankruptcy Code”) in the Eastern District of North Carolina on March 25, 2025, and currently operates as a debtor-in-possession.
3. Pursuant to § 363, the Debtor may not use cash collateral without permission of the lienholder or approval of the Court.

4. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157.

5. The Court entered its Order allowing the Debtor to use cash collateral on April 8, 2025 [ECF No. 30] (the “Cash Collateral Order”).

6. On April 1, 2025, several business equipment lessors drafted monthly lease payments from the Debtor’s prepetition bank account (the “Unauthorized Payments”).

7. The total amount of Unauthorized Payments is \$13,147.23.

8. The Unauthorized Payments were in fact unauthorized by the Cash Collateral Order and are subject to recovery pursuant to 11 U.S.C. § 549.

9. At this time, the Debtor anticipates that it will assume each of the equipment leases in the exercise of its business judgment, in which event any default will have to be cured. Alternatively, to the extent the payments are for post-petition possession and use of the equipment, it appears that affected lessors may have administrative expense claims for the continued use and possession of the leased equipment pursuant to 11 U.S.C. § 503(b)(1)(A).

10. The Debtor continues to maintain and use the equipment being leased, which comprises restaurant equipment and furnishings. The equipment is necessary, beneficial, and essential to the operation of the restaurants.

11. It appears that judicial and administrative economy will be best served if the Unauthorized Payments are authorized rather than incurring the additional expense and effort to recover the payments, only to turn around and pay the cure or administrative expense later, and that the Cash Collateral Order be modified as provided herein.

12. Good cause exists to modify the Cash Collateral Order to allow and authorize the Unauthorized Payments and to provide for the continuation of regular equipment lease installments as they come due in the ordinary course. The Cash Collateral Budget, including the total monthly equipment lease obligation in the amount of \$29,119.96 is attached hereto as **Exhibit A**. The Unauthorized Payments are included in this total monthly figure.

13. The cash collateral lenders are adequately protected as described in the Cash Collateral Motion.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED as follows:

1. The Motion to Modify Cash Collateral Order is ALLOWED;
2. The Unauthorized Payments are approved and the Cash Collateral Order is

modified consistently therewith, and is further modified to allow payment of ongoing equipment lease payments; the Cash Collateral Budget is modified consistently with Exhibit A attached hereto.

END OF DOCUMENT

EXHIBIT A		
INCOME		
Projected Sales	\$ 859,409.00	
Total Sales		\$ 859,409.00
COST OF GOODS SOLD		
Sysco	\$ 283,605.00	
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Narron Wenzel**		
CPA (inc. bookkeeping and payroll)**		
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First Federal Bank**		
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